

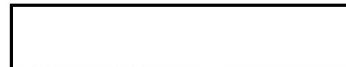
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22 August 1957



Copy No. 136

CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 45
FILE NUMBER CHASS. 1
PUBLICATION DATE 8-20-57
CLASS. CHANGING TO S.C.
NEXT REVIEW DATE 2010
AUTH. HR 70-2
DATE 4-1-80 REVIEWER: [redacted]

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OFFICE OF CURRENT INTELLIGENCE CENTRAL INTELLIGENCE AGENCY

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25X1

Approved For Release 2002/07/30 : CIA-RDP79T00975A003200450001-6

25X1

CONTENTS

25X1

EGYPTIAN ATTITUDE TOWARD SYRIAN SITUATION

25X1

✓ 2. THAI CABINET CRISIS

25X1

✗ 3. UNEF DEPLOYMENT LIKELY TO BE CRITICAL ISSUE
AT FORTHCOMING GENERAL ASSEMBLY

25X1

25X1

✗ 5. NEW FRENCH INDUSTRIAL MISSION GOING TO PEIPING

25X1

✗ 6. PROPOSED ALGERIAN STATUTE TERMED STEP BACKWARD

25X1

✓ 7. INDONESIAN PRIME MINISTER PLANS NATIONAL ROUND-
TABLE CONFERENCE

25X1

Approved For Release 2002/07/30 : CIA-RDP79T00975A003200450001-6

Approved For Release 2002/07/30 : CIA-RDP79T00975A003200450001-6

1. EGYPTIAN ATTITUDE TOWARD SYRIAN SITUATION

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While the Egyptian press and radio have utilized the current Syrian situation as material for intense anti-American propaganda, and have generally approved Syrian actions, President Nasr has reportedly expressed some anxiety over the recent developments.

[redacted] He allegedly fears that the extent of Communist influence in the Syrian regime may reflect upon Egypt and therefore lead friendly "neutralist" nations to assume that Egypt has also sold out to the USSR.

The Syrian ambassador in Cairo reportedly has stated that Egyptian influence in Syria is waning considerably, while the Soviet embassy has become the "dominant mission" in Damascus. Continued close cooperation with a Communist-dominated Syria would be extremely difficult for Nasr in the face of his many denials of sympathy for Communist aims in the Middle East. At the same time, a severance of his affiliation with Syria would leave him isolated in the Arab world unless Egypt's present strained relations with other Arab states undergo rapid improvement.

25X1

22 Aug 57

Current Intelligence Bulletin

Page 3

25X1

Approved For Release 2002/07/30 : CIA-RDP79T00975A003200450001-6

Approved For Release 2002/07/30 : CIA-RDP79T00975A003200450001-6

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2. THAI CABINET CRISIS

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The resignations of Defense Minister Sarit and a number of his followers from the Thai cabinet may lead to a serious political crisis in Bangkok. Both the army, controlled by Marshal Sarit, and the police, controlled by his rival, General Phao, are reportedly on an alert status,

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[redacted] the Sarit faction hoped by resigning to force Phibun to form a new cabinet. Sarit would then presumably use his influence to prevent reappointment of Phao as minister of interior. Phao has informed the press he will resign his numerous corporate directorships, rather than leave the present cabinet under Phibun's edict that ministers can retain no business interests.

Sarit might be inclined to attempt a coup d'etat at this time, when his forces presumably are in a state of readiness. He has failed to act forcefully, however, during previous tense periods over the last several months. A settlement might be achieved by Phibun's own assumption of the defense and interior portfolios, which he held prior to last February; Sarit and Phao would withdraw from the cabinet or become deputy ministers. Such an arrangement might satisfy Sarit, who for some time has been pressing for Phao's elimination from the cabinet. Under any such agreement, Sarit would remain in control of the army and Phao the police.

25X1

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3. UNEF DEPLOYMENT LIKELY TO BE CRITICAL ISSUE AT FORTHCOMING GENERAL ASSEMBLY

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[Redacted]

UN Secretary General Hammarskjold believes that the deployment of the UN Emergency Force on both sides of the Egyptian-Israeli armistice line will be a critical issue at the forthcoming General Assembly unless Israel agrees soon to at least a "token" patrol of its territory by UNEF.

Hammarskjold believes that this issue is a "pearl" for the Arab bloc. Since the Eleventh General Assembly's resolution of 2 February is generally interpreted to mean that the UN force should be on both sides of the line, he feels the Twelfth Assembly will probably specifically call for such deployment and that Israeli refusal to comply might result in an Egyptian demand for UNEF's withdrawal, and, for practical purposes, the end of the UN force. Hammarskjold considers that the continued presence in the area of the UN force is a stabilizing factor conducive to settlement of other issues.

Ambassador Lodge agrees with the secretary general and adds that Tel Aviv's refusal to accept UNEF might well result in a "further weakening of Israel's international status."

Comment The majority of UN members can be expected to call formally for such action, primarily because of the general approval of the UNEF effort, unless Israel agrees in advance to some token stationing of UNEF on its side of the Egyptian border--which at present seems unlikely. Israel has, however, recently agreed to the stationing of UN truce observation posts on its Syrian border after many previous refusals.

25X1

Approved For Release 2002/07/30 : CIA-RDP79T00975A003200450001-6

Approved For Release 2002/07/30 : CIA-RDP79T00975A003200450001-6

Approved For Release 2002/07/30 : CIA-RDP79T00975A003200450001-6

5. NEW FRENCH INDUSTRIAL MISSION GOING TO PEIPING

25X1

The French industrial delegation leaving for Communist China next week is described by a Foreign Ministry official as a "fact-finding group" which will not discuss diplomatic recognition. He admitted, however, that it would "mention" to the Chinese the desirability of having French commercial representation in Peiping and that, if the Chinese demanded reciprocal representation in Paris, "France would have to face a decision not yet arrived at."

The American embassy in Paris believes that the mission, which will be headed by Senator Henri Rochereau and Socialist Deputy Francis Vals, will seek orders for specific items, and points out that some of the industries represented are "strategic" in trade control terms.

Comment

A Chinese Communist official indicated last spring that Peiping considered that the 1956 talks placed trade relations with France on a satisfactory basis and was now interested solely in a visit by a French political mission. Moreover, Peiping has recently discouraged other West European efforts to send trading missions. In the light of these facts, some French elements may plan to use the mission as a cloak for advancing diplomatic relations.

Rochereau, who also headed the first French mission which visited Communist China in 1956, recently stated publicly that further trade expansion is bound up with the question of political recognition. However, Vals was reportedly named to the delegation by Premier Bourges-Maunoury with instructions to make a report which would counteract pro-recognition propaganda spread by former premier Edgar Faure after his June-July sojourn in Peiping.

25X1

Approved For Release 2002/07/30 : CIA-RDP79T00975A003200450001-6

25X1

Approved For Release 2002/07/30 : CIA-RDP79T00975A003200450001-6

6. PROPOSED ALGERIAN STATUTE TERMED STEP BACKWARD

25X1

[redacted] Consul General Clark in Algiers believes that the new basic law for Algeria prepared by Minister for Algeria Lacoste would be a step backward from the 1947 Algerian Statute and, therefore, unlikely

to attract support either from Moslems or from many Europeans in Algeria. He says the draft is less liberal than implied in press reports and is heavily weighted in favor of protecting only the European minority.

Meanwhile, the Algerian government is stepping up its press campaign. It is emphasizing the alleged success of pacification, dissension within the Algerian National Liberation Front, and growing cooperation with France by Algerian Moslems. A consular officer who recently visited the Kabylie region of north central Algeria confirms that a more cooperative attitude exists among Moslems in that area.

Comment

The French cabinet reportedly is considering two nearly identical drafts, the Lacoste draft and another which differs mainly in that it provides for revision by negotiation between French and Algerian representatives two years after the law takes effect. This provision is not likely to attract much Moslem support.

Approved For Release 2002/07/30 : CIA-RDP79T00975A003200450001-6

Approved For Release 2002/07/30 : CIA-RDP79T00975A003200450001-6

7. INDONESIAN PRIME MINISTER PLANS NATIONAL ROUND-TABLE CONFERENCE

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[Redacted]

Prime Minister Djuanda claims to have obtained the approval of President Sukarno, the national council, and the cabinet for a national round-table conference which he

hopes to hold early in September, according to the American ambassador in Djakarta. Participants in the conference, which would deal with the controversies between Djakarta and the out-lying provinces, would be the cabinet and the chief military commander and civil official in each province. Both Sukarno and former vice president Hatta would act as advisers to the conference.

Djuanda said he would invite disaffected military commanders, such as Hussein of Central Sumatra and Sumual of North Celebes, to Djakarta for private talks prior to the formal conference sessions. He says they have assured him that they would accept an invitation from Djuanda himself although not from the army chief of staff, General Nasution.

Djuanda told the American ambassador that in his opinion the country's greatest single need is the restoration of the Sukarno-Hatta relationship and that this will be discussed at the conference. He said that if the conference failed, Indonesia's situation would speedily become critical.

Comment

Djuanda has made repeated efforts to resolve the issues between Djakarta and the non-Javanese provinces, but has failed to make any real progress as the result of Sukarno's refusal to cooperate. It is unlikely that Sukarno will give his wholehearted support to Djuanda's latest plan, particularly since a favorable outcome of the conference would require compromising Sukarno's own political and economic concepts. It is far more likely that the conference will point up unresolved differences between Djakarta and the provinces and increase provincial resistance.

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